

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 15, 2009

Captain Mark Lane
VP Operations
Excelerate Energy LLC
1330 Lake Robbins Drive
Suite 270
The Woodlands, TX 77380

CPF 4-2009-2003

Dear Mr. Lane:

On March 16-20, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of title 49, United States Code, and section 1520 of title 33, inspected your Excelerate Energy LLC (EE) Gulf Gateway Energy Bridge pipeline system located in the Gulf of Mexico in West Cameron Block 603.

This is the first inspection of your deepwater port pipeline facilities conducted by a representative of PHMSA following commencement of commercial operations. The Gulf Gateway Energy Bridge pipeline system began operations on May 18, 2005, receiving the first shipment of natural gas and delivering the product to downstream customers, Blue Water and Sea Robin. On September 12, 2008, the Blue Water and Sea Robin pipeline systems suffered major damages from Hurricane Ike. Because of the damages to the downstream pipeline systems, the Gulf Gateway Energy Bridge pipeline system became, and remains, inactive. EE has continued to monitor the Gulf Gateway Energy Bridge pipeline system performing minimal maintenance activities and has not abandoned the pipeline system.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. 192.605 Procedural Manual for Operations, Maintenance, and Emergencies

- (a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

At the time of this inspection, EE did not have written procedures for conducting operations and maintenance (O&M) activities for the pipeline system in accordance with § 192.605 (in its entirety). During the inspection, the PHMSA representative requested to review EE's written pipeline O&M procedures pursuant to § 192.605, but EE could not produce any such procedures.

2. 192.805 Qualification Program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

- (a) **Identify covered tasks;**
- (b) **Ensure through evaluation that individuals performing covered tasks are qualified;**
- (c) **Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified;**
- (d) **Evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an incident as defined in Part 191;**
- (e) **Evaluate an individual if the operator has reason to believe that the individual is no longer qualified to perform a covered task;**
- (f) **Communicate changes that affect covered tasks to individuals performing those covered tasks; and**
- (g) **Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.**
- (h) **After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities; and**
- (i) **After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.**

At the time of this inspection, EE did not have a written qualification program to ensure that individuals performing covered tasks are qualified in accordance with Subpart N (§§ 192.801–192.809); nor did EE require that contractors doing work on the pipeline facilities have an approved operator qualification program. During the inspection, the PHMSA representative requested to review EE’s written qualification program and records, but EE could not produce any such documentation.

Proposed Compliance Order

With respect to Items 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Excelerate Energy LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 4-2009-2003** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Excelerate Energy LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of EE with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to a Procedural Manual for Operations, Maintenance and Emergencies, EE must prepare written procedures for operating, maintaining, and repairing the pipeline system in accordance with 49 CFR Part 192.
2. In regard to Item Number 2 of the Notice pertaining to a Qualification Program, EE must prepare written procedures that address covered tasks and the qualification of employees and contractors that perform those covered tasks as required by 49 CFR Part 192.
3. Monthly progress reports shall be submitted electronically by the 15th of each month following the receipt of a Final Order. The Procedural Manuals must be completed within 180 days following the receipt of the Final Order.
4. Excelerate Energy LLC shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.